

EMPLOYER ADVISORY COMMITTEE

MINUTES

September 28, 2000

DRS Members Present:

Dave Nelsen, Chairperson.

Additional DRS Staff Present:

Steve Nelsen, Legal/Legislative Services; Scott Koura, Public Employees' Retirement System; Gayle McGee, Public Employee's Retirement System; Jeff Wickman, Strategic Initiatives; Brian Berghoff, School Employees' Retirement System; Marc Tremblay, Information Services.

Employer Members Present:

Joanne Amrine, Chehalis School District; Margo Anderson, Highline Community College; Bob Andrews, Kent School District; Mary Christle, Educational Service District; Nancy Finneson, Pierce County Library System; Tom Gaines, Washington School Information Processing Cooperative (WSIPC); Paulette Gilliam, University of Washington; John Goetz, Center for Information Services; Brigitte Hoopes, City of Kent; Chandra Horan, Port of Seattle; Dorothy Kiest and Cindy Lee, King County; Debbie Meach, Human Resources Information Systems Division (HRISD); Michelle Mortimer, Debbie Krumpols and Deanne Dayton, City of Olympia; Nancy Savage, Pierce County; Sally Spangler, Washington State Patrol; Reagan Ulrich, Chelan County PUD 01; Jean Yeager, Department of Agriculture.

Employer Members Not Present:

Valerie Quinn, University of Washington.

Agenda Items:

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| • Legislative Summary & Interim Issues
<i>Steve Nelsen</i> | • Discussion of PERS 3 Employer
Training Program
<i>Dave Nelsen</i> |
| • PERS 3 Introductions and Update
<i>Scott Koura and Gayle McGee</i> | • Issues or Concerns
<i>Committee</i> |
| • SERS Update
<i>Jeff Wickman</i> | • Agenda Items for Next Meeting
<i>Committee</i> |
| • Discussion of Internet Reporting Form
<i>Dave Nelsen</i> | |

LEGISLATIVE SUMMARY & INTERIM ISSUES

Steve Nelsen updated the committee on what was being discussed for the upcoming legislative session. The following are two proposals:

- **30-Year Cap**
Modify retiree returning to work restrictions with the state so the retiree would be able to receive pension benefits and would be able to continue working for the state after 30 years.
- **Retiree Returning to Work (still continuing with this proposal)**
This would interpret the limit of working in five calendar months to include working in five calendar months or 867 hours in the year, whichever is greater. This would affect all PERS plans, as well as TRS Plan 2 and 3.

Other topics or issues that are being discussed are as follows:

- **LEOFF Plan 1 Trust Fund**
Use the excess money in the fund for LEOFF Plan 1 retiree's medical expenses.
- **Survivor Benefits**
Have additional survivor benefits options for LEOFF Plan 1 spouses.
- **State Patrol**
Discussion about COLA benefits and contribution rates.
- **LEOFF Plan 2 Membership**
Allowing different groups into LEOFF Plan 2 such as Fish and Wildlife enforcement officers.

In October, the plan is to have a summary on Legislative issues posted on the Web site. Also, a proposed contribution rate sheet for year 2001 - 2003 was handed out to the committee members.

Please call Dave Nelsen at (360) 664-7163 or 1-800-547-6657 ext. 47163 or Steve Nelsen at (360) 664-7308 if you have any questions.

PUBLIC EMPLOYEES' RETIRMENT SYSTEMS (PERS) 3 INTRODUCTIONS AND UPDATE

Scott Koura, PERS 3 project manager, and Gayle McGee, PERS 3 project coordinator, were introduced to the committee. The goals of the project are to stay within the budget, satisfy the business and legal requirements, provide proper education to the employees and provide employers with training to implement the reporting requirements. DRS is in the process of hiring staff for the project which includes: a communications manager, client services manager, technical lead and an employer training manager.

March 2002 is the Phase 1 implementation for state and higher education employers. September 2002 is the Phase 2 implementation for local government employers. The Record Keeper Request for Proposal (RFP) was mailed out to vendors September 15, 2000 and the responses are due back by October 20, 2000. The Record Keeper will be on board by the beginning of year 2001. The following are some highlights of PERS Plan 3:

- There are 122,000 PERS Plan 2 employees, which affects 900 employers.
- If an employee chooses to stay in PERS Plan 2, that employee cannot change to Plan 3 later on.
- The default plan is PERS Plan 3.
- New employees, at the time they are hired, will have the option to choose Plan 2 or Plan 3.

Issues or Concerns:

How will an employer track an employee who goes from one employer to another employer and know what plan the employee is in.

Enrollment issues - create a document for the committee members. If any committee members would like to be a part of the PERS 3 work groups, please email Dave Nelsen at daven@drs.wa.gov or Lanette Barton at lanetteb@drs.wa.gov.

SCHOOL EMPLOYEES' RETIREMENT SYSTEM (SERS) UPDATE

One goal of the project is to provide proper information so an employee is able to make informed decisions on their investment options. DRS will be working with about 300 employers to provide training and technical services so the employers are prepared. As of September 1, 2000, which is mandated, all new hires will directly go into SERS Plan 3 and existing SERS Plan 2 employees will be able to chose which plan they would like to be in.

As of September 1, 2000 there are new funds available. These are called the Horizon Funds, which are all pre-modeled on a certain asset mix. The bond fund is managed by the State Investment Board.

September 1, 2000 was the implementation date for SERS Plan 2 and Plan 3. The Investment Education Seminars and Transfer Education Workshops are underway. The seminars are being presented by ICMA Retirement Corporation's Financial Education Specialists at school districts and Educational Service Districts (ESD) throughout Washington State. It is suggested that employees attend the Transfer Education Workshop before the Investment Education Workshop.

The third SERS Newsletter was recently mailed out to members. The SERS Plan 2 and SERS Plan 3 Member Handbooks and the SERS Plan 3 Defined Contribution Handbooks were recently mailed out to the employers. The Investment Education Video for both SERS and TRS Plan 3 members was also mailed out to the school districts and ESD's in September.

DISCUSSION OF INTERNET REPORTING FORM

The committee discussed and gave the following feedback on a web-based transmittal reporting form:

- Make regular and correction reporting forms
- Make the reporting form user friendly
- Provide good instructions on downloading into the employer's system
- Software options
- Passwords for security reasons
- Confirmations back to the employer
- Form updates coincide with browser updates
- On-line drop down help codes

DISCUSSION OF PUBLIC EMPLOYEES' RETIRMENT SYSTEMS (PERS) 3 EMPLOYER TRAINING PROGRAM

PERS 3 employer training will include technical systems training, business requirements training and awareness training (effects on employer administration). The committee discussed what

other strategies that have been used in the past that were helpful. The following is feedback from the committee:

- Local/regional for the employers
- Get people off site
- Good documents
- Keep the classroom size between 20-30 people
- Targeted audience
- Timing
- Include business entities, do not limit to Human Resources only
- Involve the business and financial managers and address the following groups: AFLIAC, Human Resource managers and payroll
- Chat room
- Create a list serve

ISSUES OR CONCERNS

The following were the issues or concerns that were raised at the meeting:

- The warning messages for the \$10,000 needs to be increased
- Provide the rates when sending out the rate notice in the bulletins
- Annual statements need to show service credits for PERS Plan 3. (The record keeper will send a quarterly statement.)
- Teacher statements are coming out in mid November.
- Imaging systems are coming up in December.
- The date in which an employee becomes retirement eligible should be included on the enrollment form.
- Test library for PERS Plan 3.

The Next Meeting

The next EAC meeting is scheduled for December 14, 2000, from 9:30 a.m. to 3:30 p.m., at the DRS Point Plaza West building located at 6835 Capitol Boulevard in Tumwater. Please see the map to DRS on the EAC Web site for directions to the facility.

Proposed Agenda Items for December 14, 2000, Meeting

A confirmed agenda will be available on the Employer Advisory Committee Web site in late November 2000.

- PERS 3 Update
- SERS Update
- Audit Program Update

Parking for the meetings

There are visitor's parking spaces located in front of the building. You may also park in any stall that is not marked for another agency such as DSHS or OFM.

Questions

If you have any questions, please contact Dave Nelsen at (360) 664-7163, 1-800-547-6657 ext. 47163 or by e-mail at **daven@drs.wa.gov**.